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SUPPLEMENT TO THE
MONTHLY
POLITICAL
REPORT

ARMY review(s) completed.

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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
15 July 1966

MEMORANDUM

SUBJECT: Supplement to the Monthly Political Report on
Communist China for May and June, issued 5 July.

Developments relating to the Chinese Communist leadership since 1 July, cut-off date for information in the 5 July Monthly Political Report, suggest strongly that the leadership has stabilized at least for the time being.

Since 1 July, Mao, in his second appearance since November, received a foreign visitor; Liu Shao-chi is again being represented in major party journals as Mao's deputy; the powerful party secretariat has been reorganized; a new propaganda chief has been appointed; a large proportion of the party's Military Affairs Committee showed up; and five officials who dropped from sight before or about the time of Peng Chen's fall in April are again publicly active.

These signs could mean that a new unity, however fragile, has been forged among the party's top leaders who may now feel they can move to consideration of policy decisions held in abeyance for the last few months.

The relative standing of Mao and his four lieutenants has been clarified. Mao is still the dominant figure, Liu Shao-chi, though weakened, remains his deputy, and Teng Hsiao-ping emerges in a stronger position. Teng, believed to be behind the attack on Peng Chen, apparently has stopped pushing for further gains for the time being. Defense Minister Lin Piao's role is enhanced, though he remains a shadowy figure, and Chou En-lai, who seems to have stayed aloof from the fray all along, survives. Nevertheless, the recent upheaval has surely left a legacy of animosities among top leaders. The ultimate outcome is still murky and will probably remain so until Mao leaves the scene and his successor has a firm grip on the reins.

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SECRETMao Tse-tung and Liu Shao-chi

Mao Tse-tung received the Nepalese crown prince about 8 July probably at a resort in central China. This was Mao's second appearance since 26 November 1965, and first since early May when he met an Albanian delegation.

The Peoples Daily on 1 July published quotes praising Mao by Liu Shao-chi, Chou En-lai, Lin Piao, and Teng Hsiao-ping-- in that order. Peoples Daily also published in a special box on the fifth page a quotation from Liu, the only leader besides Mao who was highlighted in that manner. On 14 July Liberation Army Journal gave front page space to a quotation from Liu Shao-chi urging the entire party to study Mao's thinking. The army journal's nod to Liu, its first since March, could be an endorsement of the Mao-Liu lineup at the top.

The Secretariat

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At the large turnout of high officials at a 9 July meeting of Afro-Asian writers were eight members of the secretariat (possibly the entire active membership), including two officials identified for the first time as being on the secretariat. These were Tao Chu, who has replaced Lu Ting-i as propaganda chief, and Yeh Chien-ying, a senior military officer who may have replaced Chief of Staff Lo Jui-ching on the secretariat. No replacement for Peng Chen, Teng Hsiao-ping's deputy on the secretariat, has yet been indicated.

The Military Affairs Committee

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All members of the party's Military Affairs Committee who normally show up in public were at a banquet held for the Afro-Asian writers on 9 May. These men were Ho Lung, Nieh Jung-chen, Hsu Hsiang-chien and Yeh Chien-ying.

Reappearances and Absentees

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Five officials who had been out of sight for months showed up after 1 July. These were Yang Yung, Deputy Chief of Staff and Commander of the Peking Military Region; Nieh Jung-chen, a senior military officer; Tseng Shan, Minister of Interior (a relatively unimportant post); and two figures in the Northwest--first secretary of Kansu, Wang Feng; and Chang Ta-chih, a Northwest Bureau secretary and Commander of the Lanchow Military Region.

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Of the 42 men whose status appeared to be in question on 1 July, five have reappeared, and one (first secretary of Kwangsi) was indicated [] to have been making appearances in June. Since the leadership appears to be making deliberate efforts to show who is running the country now, it is possible that the status of most of the 36 men still in question will be cleared up fairly soon. That is, those already marked for destruction will be denounced and/or removed, and those who have not been in trouble or who have been on trial and have managed to clear themselves will reappear.

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Party Center []

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None of the key men who seemed on 1 July to be in trouble in the party center has shown up, however. With the fall of Peng Chen and Lu Ting-i and the probable dismissal of Lo Jui-ching, the only member of the politburo or secretariat whose status still remains in question is Yang Shang-kun, director of the secretariat's administrative office. The directors of the Organization (personnel) Department and of the Finance and Trade Political Work Department, and first secretary of the Young Communist League also are still out of public view.

Regional Leaders []

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The status of 13 provincial leaders is still in question. Although the first secretaries of Tibet, Fukien and Shansi have been out of public view for a long time, their status is less questionable than that of leaders in Hopeh, Shanghai, Anhwei, Liaoning and possibly Kweichow where "black" activities have been exposed but not clearly represented as having been cleaned up.

The regional leaders who reappeared were in regions (Central-South and the Northwest) which were already relatively untouched. This strengthens the hypothesis that there is a regional pattern. Many key officials in the North, East and Northeast regions--which may have contained strongholds of Peng Chen supporters--still appear to be in trouble

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The Military []

Three of the 15 military leaders whose status was in question on 1 July have reappeared. More are expected to show up, although military leaders in China do not seem to be as obliged as political leaders to make public appearances to prove that they are in good standing. The three who have

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showed up are Nieh Jung-chen, Vice Chairman of the Military Affairs Committee; Yang Yung, Deputy Chief of Staff and Commander of the Peking Military Region; and Chang Ta-chih, Commander of the Lanchow Military Region. All are primarily military officers, not party control types. The new military man on the secretariat, Yeh Chien-ying, is also primarily a military officer, unlike Chief of Staff Lo Jui-ching whose entire career has been in political and security work. A new deputy director of the army's General Political Department, Yuan Tzu-chin, has been appearing prominently on ceremonial occasions in Peking. [REDACTED]

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[REDACTED] Yuan
could be a candidate to replace Hsiao Hua as director of the GPD.

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CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
15 July 1966

PREPARED FOR THE NATIONAL SECURITY COUNCIL
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CONTAINED HEREIN IS NOT AUTHORIZED

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HIGHLIGHTS

There are indications that the infiltration of North Vietnamese military personnel into South Vietnam is continuing across the Demilitarized Zone and in the central highlands. Hanoi propaganda is reaffirming in blunt language a determination to continue the war.

I. The Military Situation in South Vietnam:

Five Americans were killed in a Viet Cong attack on an outpost south of Chu Lai (Para. 1). Thirty Viet Cong were killed by air strikes and artillery south of Da Nang (Para. 2). Units of the US 25th Infantry Division have initiated Operations MOKULEIA and KAHANA II (Paras. 3-4). Infiltration continues across the DMZ (Para. 6). Infiltration is continuing in the central highlands (Paras. 7-9).

II. Political Developments in South Vietnam:

Despite earlier reports that Tri Quang might soon end his hunger strike, his associate, Thich Phap Tri, informed the press to the contrary (Para. 3).

III. Military Developments in North Vietnam:

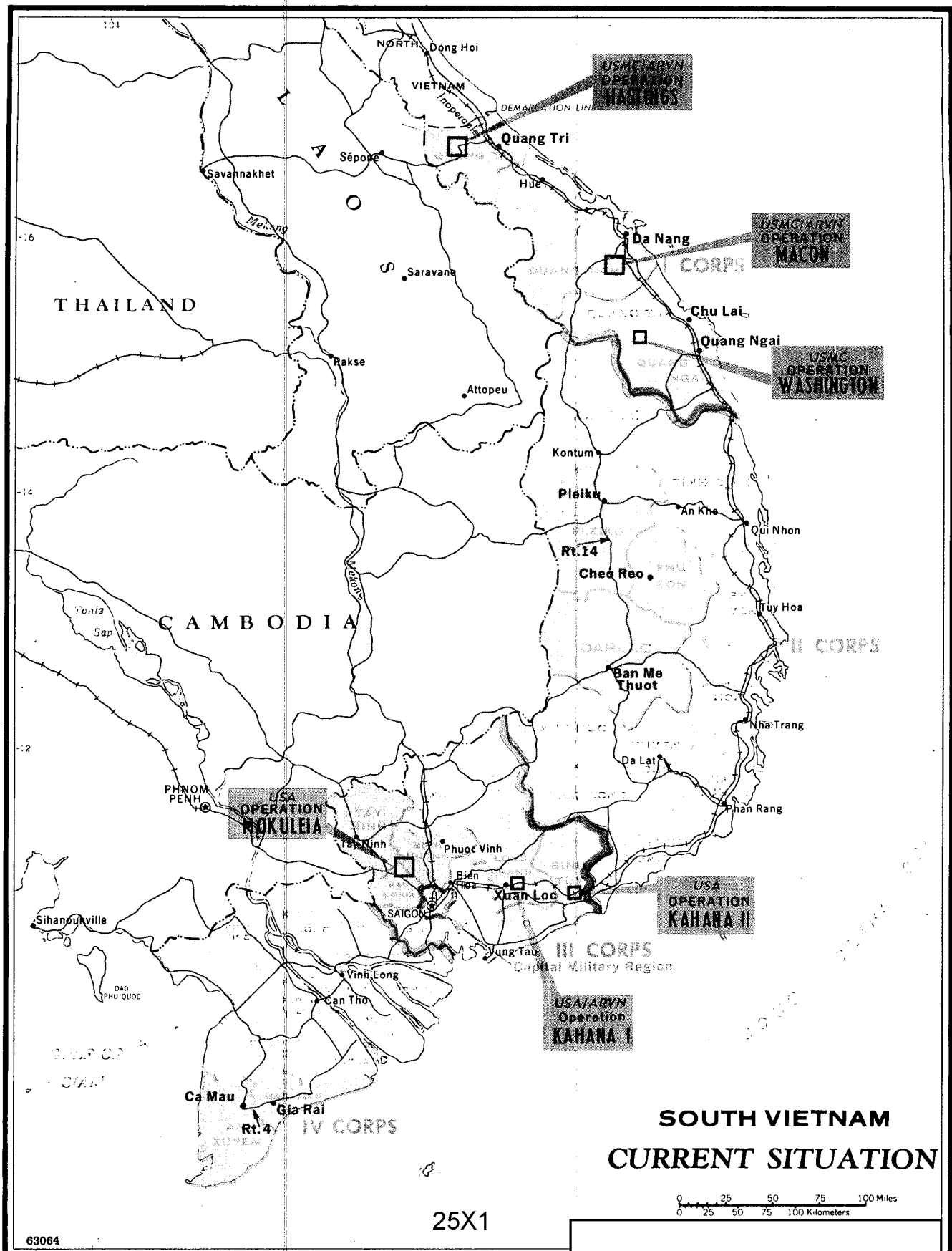
Initial interrogation reports from North Vietnamese naval personnel captured during the 1 July 1966 sinking of three PT boats has revealed considerable information about the operations and status of the DRV Navy (Paras. 1-7).

IV. Other Communist Military Developments:

There is nothing of significance to report.

V. Communist Political Developments:

Hanoi, in some of the bluntest language used in recent months, has restated its determination to press on with the war (Paras. 1-2).



I. THE MILITARY SITUATION IN SOUTH VIETNAM.

1. Early this morning, a US Marine outpost located about 15 miles south of Chu Lai in coastal Quang Ngai Province was attacked by an estimated 75-man Viet Cong force. A mortar and recoilless rifle attack against the outpost was followed by an assault resulting in heavy hand-to-hand combat. Reinforcements were flown in by helicopter and the guerrilla force withdrew after a two-hour battle. A total of five Americans were killed and 15 wounded. Eighteen Viet Cong were killed and miscellaneous weapons and ammunition were captured from the Communists.

2. A US Marine patrol, participating in Operation MACON in Quang Nam Province, located an estimated 300-man enemy force yesterday in an area about 20 miles southeast of Da Nang. Air strikes and artillery fire directed on the area resulted in 30 Viet Cong killed. Cumulative friendly casualties for this operation, which began on 4 July, are eight killed and 35 wounded. Viet Cong losses now total 169 killed and one captured. Three US Marine battalions and one South Vietnamese battalion are continuing this security and pacification operation.

3. Operation WASHINGTON, a reconnaissance operation conducted by one US Marine battalion in an area about 30 miles west of Quang Ngai, ended yesterday. The operation, which lasted nine days, established only light contact with the Viet Cong resulting in 15 Communists killed and four captured. There were no American casualties.

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4. Yesterday three battalions of the US 25th Infantry Division began Operation MOKULEIA, a search-and-destroy operation in Tay Ninh, Binh Duong, and Hau Nghia provinces. The operational concept involves a series of airmobile and ground assaults, employing helilifts, patrols, and ambushes supported by artillery, tactical air, and an airmobile reserve/reaction force. Elements of two Viet Cong battalions with a combined strength of 1,180 men are reported to be in or near the area of the operation.

5. Operation KAHANA II, initiated in Binh Tuy Province yesterday by two battalions of the US 25th Infantry Division, will consist of a series of search-and-destroy operations to locate and destroy Viet Cong forces and tax collection points. Two Viet Cong regiments--the 274th and the 275th--with a total strength of 3,850 men are reported in the area of the operation. This operation is a continuation of KAHANA I, which consists of one US battalion reinforced by South Vietnamese Army forces in the vicinity of Xuan Loc in Long Khanh Province.

6. Operation HASTINGS, formerly a reconnaissance operation being conducted in an area about 25 miles west of Quang Tri city in northernmost Quang Tri Province, has been redesignated a search-and-destroy operation. It was expanded yesterday to include three US Marine battalions and five South Vietnamese battalions.

Infiltration Across the DMZ Continues

7. A reconnaissance element located about 23 miles west of Quang Tri city has reported sighting six enemy groups, varying in size from 10 to 150 men infiltrating from the north. This is in the same general area where a captured private from the 812th NVA Regiment stated he crossed the Ben Hai River on 31 May. There are further indications that the entire North Vietnamese 324B Division may be operating in the area. US Marines believe they have located three regiments of the 324 "B" Division--the 803rd, the 812th, and the 90th--in northern Quang Tri Province.

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Other reports, coupled with these current sightings, suggest that additional North Vietnamese Army forces may be moving across the DMZ into the northern I Corps area.

Infiltration Continues in the Central Highlands

8. MACV continues to receive reports on infiltration and movement of Viet Cong/North Vietnamese Army units along the central infiltration route through Pleiku, Darlac, and Phu Bon provinces. Three villages were recently burned by Communist forces in Pleiku Province near Route 14 about 15 miles south of Pleiku town. Recent observations of Communist units in Darlac Province indicate that the Viet Cong are attempting to cut Route 14 north and south of their infiltration route.

9. Several other incidents have occurred in this area in what may be an attempt by the Viet Cong to keep friendly forces out of the area. The most significant of these was the action in Darlac Province on 8 and 9 July in which a Viet Cong force engaged South Vietnamese units participating in Operation THANG LONG 243. The Communists suffered a total of 103 killed in this action. This encounter substantiates other reports of a troop build-up in an area about 30 miles northeast of Ban Me Thuot.

10. Possible Communist units in this base area include the 18 "B" NVA Regiment, which may have moved west after Operation NATHAN HALE was terminated, the 49th NVA Regiment previously identified in the Chu Pong area, and the 95th NVA Artillery Battalion. A concentration of Communist forces in this area would allow the enemy to attack southward into Darlac Province, north toward Cheo Reo and Pleiku Province or reinforce units in the coastal plain.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM



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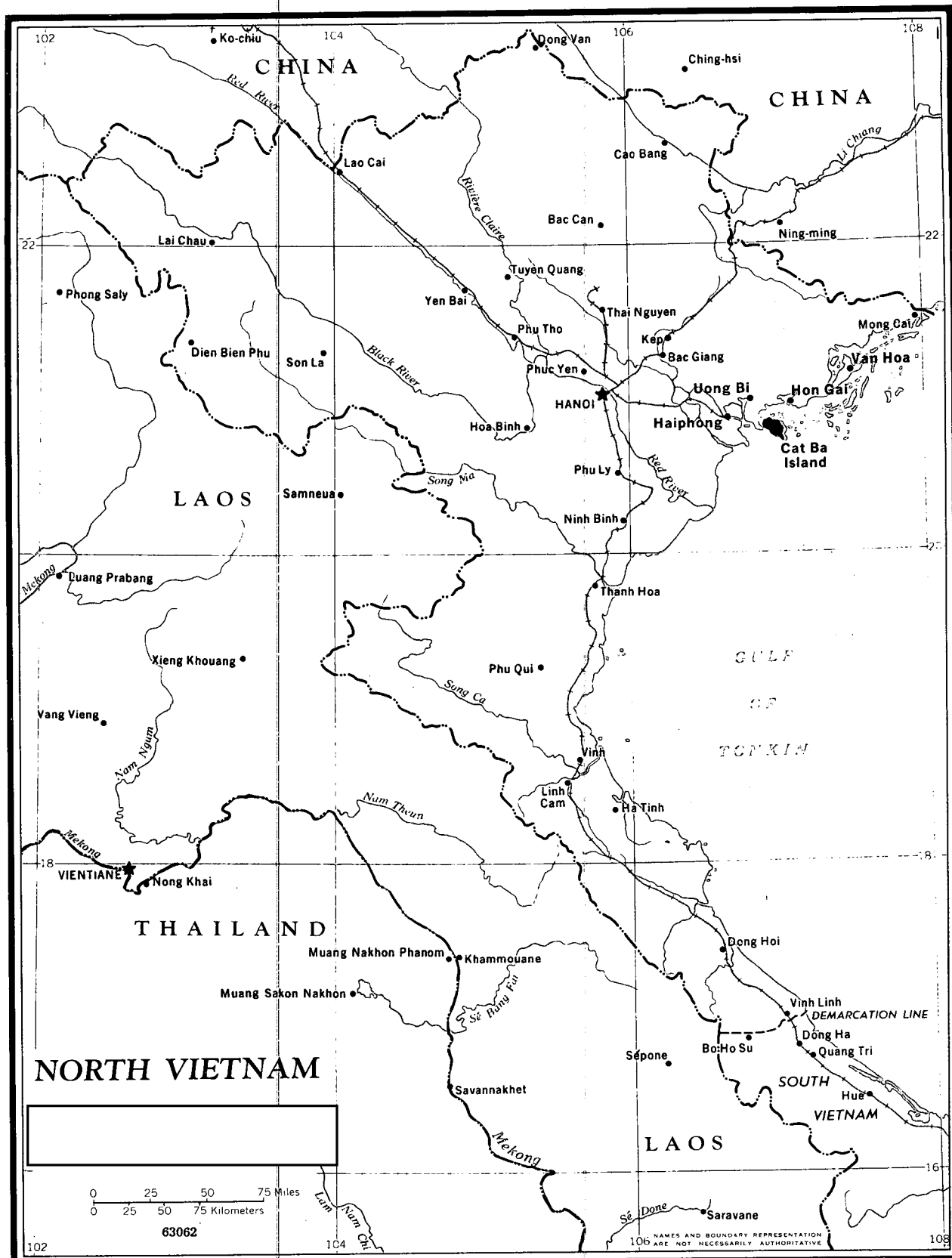
3. According to an unconfirmed press report, one of the deputy chairmen of the Buddhist Institute, Thich Phap Tri, told newsmen that Tri Quang will continue his fast against the government despite an earlier indication from a Catholic spokesman for Father Hoang Quynh that the fast would soon end. Phap Tri was also quoted, however, as informing the newsmen that Tri Quang would make his first public appearance in more than a month by attending a cocktail party next week at the invitation of Father Quynh.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. Initial reports

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[redacted] have provided considerable information about the operations and capabilities of the DRV Navy. A good deal of this information concerns weapons and equipment utilized by North Vietnamese naval units. Most of the information on the DRV Navy [redacted] appear to be accurate, [redacted]

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2. The only type of DRV naval craft assigned an offensive mission, according to one of the captured officers, is the P-4 - class motor torpedo boat (MTB). The three boats which attempted to attack a US destroyer on 1 July were of this type. [redacted]

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[redacted] a high-level naval planning meeting in late May 1966 at the torpedo boat squadron forward headquarters on Cac Ba Island. On this occasion it was established that in addition to a defensive coastal patrol mission, the MTBs would henceforth actively engage any US ships within 20 miles of the DRV coast. The P-4 - class MTB is capable of a maximum speed of 52 knots and carries torpedoes with a range of 5,000 meters, [redacted]. The boat is said to be equipped with a twin 14.5-mm. gun mount aft, four submachine guns, and smoke pots, but carries no depth charges, mines, or sonar.

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3. [redacted] information that the bloc has not provided the DRV Navy with missile or rocket equipment for its boats. [redacted] however, that the Soviet Union had supplied North Vietnam with 72 torpedoes, six of which had been expended against US destroyers in the Tonkin Gulf incident of August 1964. Six additional torpedoes were lost with the PT boats sunk on 1 July in the abortive attack on the USS Coontz. [redacted] the remaining 60 torpedoes are in a deep underground storage site near Van Hoa. [redacted] the Russians have "refused" to provide the DRV Navy with any additional offensive weapons. [redacted]

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4. Communist China is reported [redacted] to have given the North Vietnamese four Shanghai-class patrol boats--two in late 1965 and two in early 1966. These craft, the largest in the DRV inventory, were first noted in photography in April 1966. [redacted] the Shanghais given to North Vietnam are all-gun versions and, contrary to the basic design, have no torpedo capability. North Vietnam is said to be using these boats in an air defense role, deploying them in island waters near Haiphong. Photography has confirmed the presence of Shanghais near the port of Hon Gay. [redacted] the DRV Navy had been promised a total of 12 Shanghais by the Chinese [redacted]

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5. Swatow-class motor gunboats (PGM) are also assigned an air defense role [redacted] [redacted] The craft are used to supplement shore-based AAA defending the Hon Gay area and perform this mission from fixed rather than mobile positions. Three of the PGMs are assigned to the defense of an electric power plant which, the source claimed, became the sole source of power for the Hon Gay area after the US attacks on Uong Bi.

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6. North Vietnam's SO-1 class subchasers reportedly are used as training ships for DRV naval personnel and are recognized as ineffective in a combat role. [redacted] the SO-1s, like the Shanghais and the Swatows, carry anti-submarine warfare weapons but that ASW exercises have been suspended for lack of a submarine with which to train. [redacted] the two ASW weapons carried by DRV naval vessels as a 40-kilogram "hand submarine bomb" and a 175-kilogram depth charge effective to 80 meters.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. Hanoi, in some of the bluntest language used in recent months, has restated its determination to press on with the war. An editorial in the party daily Nhan Dan on 14 July, commenting on the possibility of negotiations, declared that "so long as the US imperialists have not accepted all our terms, there can be only one course left to us: to fight and fight until the acceptance of these terms." This same defiant note was sounded by Ho Chi Minh in a 27 June interview granted to a Soviet journal.

2. The 14 July editorial also acclaimed the "success" scored by Communist forces over the last six months in both North and South Vietnam. Quoting a 6 July communiqué of the "Liberation Armed Forces" (Viet Cong), Nhan Dan claimed these "victories" have confirmed the "invincibility of the people's war." The editorial discounted the American air superiority and asserted that even if the US sends 500,000 or 600,000 troops to South Vietnam "they will not be able to turn the tide."

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